



THE PARLIAMENTARY NETWORK

On The World Bank & International Monetary Fund

IDA17

A briefing for Members

What Is IDA?

The World Bank's International Development Association (IDA) is the arm of the institution that provides grants and loans to the world's poorest. Established in 1960, IDA aims to reduce poverty by providing loans (called "credits") and grants for programs that boost economic growth, reduce inequalities, and improve people's living conditions.

IDA lends money on concessional terms, meaning that credits have a zero or very low interest charge and repayments are stretched over 25 to 40 years, including a 5- to 10-year grace period. IDA also provides grants to countries at risk of debt distress. In addition to concessional loans and grants, IDA provides significant levels of debt relief through the Heavily Indebted Poor Countries (HIPC) Initiative and the Multilateral Debt Relief Initiative (MDRI).

Since its creation, IDA has supported projects in 108 countries. Annual commitments have increased steadily and averaged about US\$15 billion over the last three years, with about 50 percent of that going to Africa. At the last replenishment in December 2010, donor contributions totalled SDR21.1 billion (US\$31.4 billion). 15 percent of the total was committed on grant terms. Special themes for IDA16 were crisis response, gender, climate change, as well as crisis and conflict affected countries.

What were the results of sixteenth IDA replenishment (IDA16)?

According to the mid-term review published by the World Bank, IDA16 has performed well overall, with remaining issues to be addressed during IDA17.

The per capita Gross Domestic Product (GDP) of IDA countries increased despite the global crises, while the percentage of people living on less than US\$1.25 and US\$2 a day declined. There has been some progress in the environment for private sector development while quality of public financial management has declined slightly. Access to key infrastructure has improved particularly in the areas of telephone, water sources, sanitation and electricity. There has also been progress on the education and other human development MDGs, however, most IDA countries are lagging behind the health-related MDGs. Progress in statistical capacity and results monitoring in IDA countries is still lacking.

IDA17 Replenishment

IDA17 will most likely carry forward the IDA16 special themes of fragile and conflict-affected states (FCS), climate change and gender equality, where there is still an unfinished agenda. There will be greater focus on women's economic empowerment and results. On climate change, the focal point will be on measuring the impact of IDA's work on supporting climate resilient development, as well as on coordination between IDA and the UN, and other international organizations. Disaster risk

management will also be a key aspect. On fragile and conflict-affected states, IDA will identify specific actions and indicators to assess and strengthen impact.

Additional proposed themes for IDA17 are inclusive growth and regional transformative initiatives. Inclusive growth will include principles like eradicating poverty and promoting shared prosperity, with an emphasis on fostering income growth of the bottom 40 percent of the population in every country. Jobs, financial inclusion and maximizing the shared benefits from natural resource wealth will also fall under this umbrella. Regional transformative initiatives will probably remain an operational issue under regional programs.

IDA17 will also maintain SDR530 million in the Crisis Response Window (CRW) to respond to potential crises in the remainder of IDA16 and, if unused, carry it over into IDA17, and reallocate SDR315 million to increase support for the regional projects. Finally, IDA17 will extend the access to grants under the IDA Regional Program to selected institutions not linked to an IDA funded regional project but which support strategic regional priorities.

Importance for Parliamentarians

The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action call on parliamentarians to play a stronger role in monitoring the policies and funds related to development cooperation. The Busan Partnership for Effective Development Co-operation recognized the critical role of Parliaments in ensuring broad-based and democratic ownership of countries' development agendas and committed to strengthening their role.

In 2010, the Parliamentary Network on the World Bank & IMF launched an IDA16 campaign calling on the World Bank to deepen its commitment to aid effectiveness through increased engagement with donor and partner country parliamentarians during all stages of IDA 16. The campaign also called on donor governments to fully replenish IDA funds.

The IDA17 replenishment is a new opportunity for Members of Parliament to support aid effectiveness and hold national governments and the World Bank accountable to the agreed principles in the Paris Declaration, the Accra Agenda, and the Busan Partnership.

Donor country and partner country parliamentarians play a critical role and should strongly encourage their governments to fully replenish IDA funds while continuing to review the impact of IDA projects in their countries.

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